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AUGUST 1988
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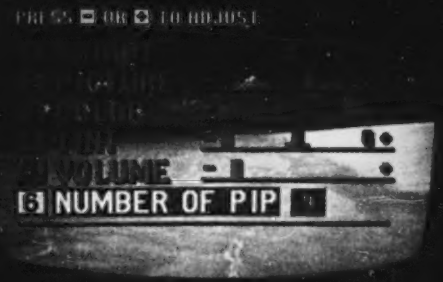
The Marketing Magazine for Consumer Electronics and Major Appliance Retailing



High-Tech TV

Fall Appliance Promotions

VSDA SPECIAL

- Titles/Promos: Sneak Previews
- PPT: Straight Talk
- Retailers: Pain and Ga

AUTOSOUND Shoot-Out in L.A.

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BPA

Symptom of a Larger Problem

AND then there were none.

It now appears that barring a last minute rescue, Zenith, the only U.S.-based maker of television sets, will be sold to overseas interests.

Is the sale of Zenith another sign of America in decline? Not really. It is simply part of the United States' moving from a material-based to a knowledge-based production economy.

And yet the absence of a U.S.-based TV brand does seem to contribute to the feeling that we are slipping as the world's undisputed number one economic power.

Part of the reason is that we seem to be losing our competitive edge, and most of the reason for that can be traced to the budget deficit.

The new administration, in our view, must make its top priority bringing the budget deficit under control. The deficit is linked to the trade deficit: We use more goods and services than we produce, importing the difference and borrowing money to pay the bill.

Since the borrowed money comes from abroad, the United States must maintain high interest rates to attract foreign funds. Consequently, companies based overseas often can raise capital at home at cheaper rates than U.S.-based firms, using the money for new plant and equipment, which, in turn, results in higher productivity.

To close the budget gap, the consumer electronics and major appliance industries would be better served by curbed government spending, and not by a levy on consumer consumption of our products, as some legislators are considering.

For one thing, there is ample evidence that our products are mainstream items and essential components in most American households—not luxury items as is a common misconception.

For example, a recent study conducted by the Gallup Organization for EIA/CEG found TVs in 99 percent of all h useholds, VCRs in 65 percent, "boom boxes" in 48 percent and audio speakers in 40 percent of U.S. households.

Even if you question some of the individual product findings (we have our doubts about the boom box figure), overall, as EIA/CEG VP Tom Friel put it, "Rather than gadgets for a privileged few, our survey shows that consumer electronics products are solidly in the mainstream and essential to our work, daily life and recreation."

Murray Slovick

August 1988
Volume 30, No. 7

Dealerscope Merchandising

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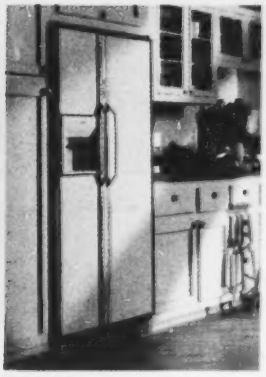

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PEOPLE ON THE MOVE

Harold Plunk named VP and Chief Financial Officer of Jasco Products Co.

Plunk

Williams

NEC promotes **Brian Williams** to director of product planning and merchandising, Audio/Video Division.

Marino Andriani resigns from Emerson Radio Corp. **Edward K. Ryan** named VP, sales.

GoodTimes Home Video appoints **Ronald W. Chaimowitz** executive VP, sales and marketing.

AVA Plus elects board of directors: **Roger Barielle**, Star Video (Baton Rouge, LA); **Bill Mitchell**, Tapes to Go (Medina, OH); and **William Patterson**, Columbus Tape & Video (Columbus, GA).

Paul Kofman named product manager at Discwasher.

Palmer Video appoints **Calvin P. Winick**, National Director of Franchise Development.

Richter

Winick

Joe Richter appointed VP, Home Audio Division, at Kenwood.

Blockbuster Entertainment appoints **Luigi Salvaneschi** president and COO, and **Robert A. Guerin Jr.** VP, national development.

Mitsubishi names **Jeff Harris** National Audio Director.

Sony Corp. of America promotes **Frank Lesher** to corporate senior VP.

Goldstar names **Il Hoon Hwang** president, U.S. operations.

Marion Baker resigns from Royal Consumer Business Products.

Roy Goldschmidt named audio/video product manager at Casio.

Atari adds staff to Entertainment Electronics Division: **Ronald L. Stringari**, VP, sales and merchandising; **Bob Harris**, marketing director; **Jeneane Harter**, division marketing manager.

Ricoh names **Mike Izushima** VP, Peripheral Products Division.

Jock G. Terry named president, Keyosk Corp.

Terry

Sherwood

Daniel Sherwood named VP of national accounts for buying groups and power retailers for the Magnavox brand of Philips Consumer Electronics. Sherwood continues his responsibilities as division general manager for the Magnavox mid-Atlantic sales division. Also, **Richard Caldwell** appointed home audio marketing manager.

Microamerica appoints **Kristin Rogers** VP, U.S. sales, and **Richard Fraser**, VP, major reseller accounts.

STAT WATCH

TOTAL U.S. MARKET STATISTICS
Sales to Retailers
May 1988 vs. May 1987
(In Units)

	May 1988	May 1987	Percent Change	Year-to-date 1988	Year-to-date 1987	Percent Change
TELEVISION						
Color	1,298,057	1,234,394	+ 5.2	7,029,764	7,035,608	– 0.1
Monochrome	206,593	201,377	+ 2.6	1,000,954	1,179,208	– 15.1
TOTAL TV*	**1,504,650**	**1,435,771**	**+ 4.8**	**8,030,718**	**8,214,816**	**– 2.2**
Projection TV	19,648	15,652	+25.5	96,190	96,714	– 0.5
Home VCR	709,275	778,497	– 8.9	4,157,352	4,670,753	– 11.0
Camcorders**	165,036	113,085	+45.9	570,456	449,697	+26.9

Information contained in this release reflects total market statistics for products produced and/or sold in the United States regardless of the brand name or country of origin.

*Excludes Projection Television
**Included in Home VCR
Source: Electronic Industries Association Consumer Electronics Group.

Members re-elected to additional three-year terms on the Board of Directors at AHAM: **Edward A. Baily**, director of government and industry relations NAO, Carrier Corp. (Syracuse, NY); **Charles M. Marino**, VP, marketing, RAC, Friedrich Air Conditioning & Refrigeration (San Antonio, TX); **F. Jack Pluckhan**, president, Quasar Co. (Elk Grove Village, IL), Matsushita Electric Corp.; and **Daniel J. Stubler**, president, Toastmaster Inc. (Columbia, MO).

Marino

Pluckhan

Douglas D. Weekly promoted to corporate director, taxes, at Maytag Corp.

Salmi Co. appoints **David J. Gratton**, executive VP.

Major Appliance Consumer Action Panel elects new chairman, **Dr. Marilyn Pogue Nagy**, associate professor, Department of Human Environmental and Consumer Resources, Eastern Michigan University.

STAT WATCH

MAJOR HOME APPLIANCE FACTORY SHIPMENTS,* THOUSANDS OF UNITS
May, 1988

	May			Calendar Year to Date		
	1988	1987	% Change	1988	1987	% Change
ALL MAJOR APPLIANCES**	**4,117.2**	**4,114.5**	**+ 0.1**	**19,913.4**	**20,330.9**	**– 2.1**
COOKING — TOTAL	**1,095.7**	**1,213.9**	**– 9.7**	**6,121.7**	**6,840.3**	**–10.5**
Electric Ranges — Total	244.5	256.0	– 4.5	1,227.6	1,344.8	– 8.7
Free Standing	196.7	206.7	– 4.8	982.4	1,083.4	– 9.3
Built-In	47.8	49.4	– 3.2	245.1	261.4	– 6.2
Gas Ranges — Total	168.2	154.2	+ 9.1	824.0	835.1	– 1.3
Free Standing	158.8	144.9	+ 9.6	772.6	785.9	– 1.7
Built-In	9.4	9.2	+ 2.2	51.3	49.2	+ 4.3
Microwave Ovens/Ranges***	697.4	815.4	–14.5	4,143.9	4,728.1	–12.4
HOME LAUNDRY — TOTAL	**868.4**	**774.8**	**+12.1**	**4,372.6**	**4,228.6**	**+ 3.4**
Automatic Washers	515.0	451.7	+14.0	2,524.7	2,376.6	+ 6.2
Dryers — Total	353.4	323.1	+ 9.4	1,848.0	1,852.0	– 0.2
Electric	271.3	254.3	+ 6.7	1,431.3	1,445.4	– 1.0
Gas	82.1	68.8	+19.3	416.6	406.7	+ 2.4
KITCHEN CLEAN UP — TOTAL	**666.2**	**657.2**	**+ 1.4**	**3,377.2**	**3,615.3**	**– 6.6**
Disposers	323.6	347.4	– 6.9	1,708.1	1,880.8	– 9.2
Dishwashers — Total	325.5	293.9	+10.8	1,572.6	1,641.9	– 4.2
Built-In	304.9	276.9	+10.1	1,465.7	1,540.5	– 4.9
Portable	20.6	17.0	+21.2	106.9	101.4	+ 5.4
Compactors	17.1	15.9	+ 7.5	96.4	92.6	+ 4.1
FOOD PRESERVATION — TOTAL	**727.7**	**694.7**	**+ 4.8**	**3,066.4**	**3,050.0**	**+ 0.5**
Refrigerators	616.0	588.9	+ 4.6	2,584.8	2,575.8	+ 0.3
Freezers — Total	111.6	105.8	+ 5.5	481.6	474.2	+ 1.6
Chest	61.2	62.0	– 1.3	258.5	264.6	– 2.3
Upright	50.4	43.7	+15.3	223.1	209.6	+ 6.4
HOME COMFORT — TOTAL	**759.2**	**773.9**	**– 1.9**	**2,975.5**	**2,596.7**	**+14.6**
Room Air Conditioners	647.1	654.7	– 1.2	2,546.4	2,174.1	+17.1
Dehumidifiers	112.2	119.2	– 5.9	429.1	422.6	+ 1.5

*Domestic plus export shipments: includes both U.S. produced and imported products.
**Numbers do not add because of overlapping product categories.
***Includes microwave ovens and combination microwave ovens/ranges.
Source: AHAM (Assn. of Home Appliance Manufacturers).

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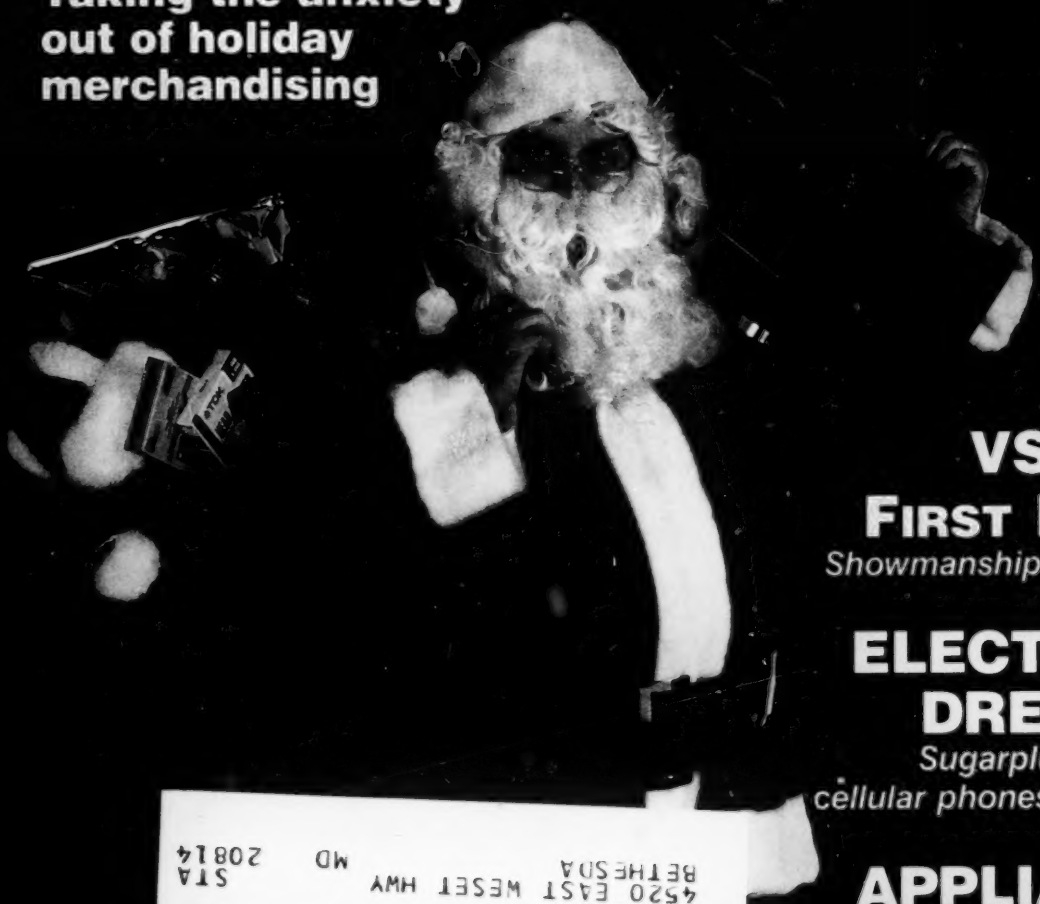
Christmas Wishbook

Taking the anxiety out of holiday merchandising



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ELECTRONIC DREAMS

Sugarplums? No. cellular phones and car stereo

APPLIANCES

Smoother sailing for cooktop suppliers

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BPA

A Bright Outlook

THE pattern has become almost tediously familiar. On the day after Thanksgiving, the nation's retailers hang the plastic mistletoe, run elaborate holiday sales ads, and beat the promotional drum with all the hoopla of P.T. Barnum in the center ring.

This year promises to be no exception, as retailers understand there is no chance of staying competitive when promotional programs are arthritic. To help you plan your holiday sales campaign, we've spelled out the details on a collection of high-demand products in our annual Christmas Wishbook (page 16) They are a mix of audio and video, home office, telecom and mobile electronics. They combine the simple and the startling, the inexpensive and the costly. But they have one thing in common: properly sold, each helps the dealer to be more profitable, which, in turn, benefits the industry as a whole, for it is the retailer who will lead the profit recovery. Suppliers will lag, but not too far behind, and with luck and no surprises in the value of the Japanese yen versus the dollar, the industry should be on a solid growth track into the 1990s.

Effective Advertising

THE economic signposts point toward a continued business advance. A review of current industry sales statistics shows that on balance, more are rising than are declining. This suggests that business will sail along nicely into the holiday selling season.

So what is the problem, Mr. Retailer? Why aren't you selling more?

Could it be that selling is the problem? That we are not out there selling? Do consumers know what we have to offer in our stores besides attractive prices? In spite of our great mousetraps, are people (with apologies to Ralph Waldo Emerson) still not beating a path to our door?

Perhaps it is time to beat a path to the consumer's door, through effective advertising focused on product features and benefits and store services.

With the road to higher profits being smoothed by high-tech products and burgeoning new product categories, there is no reason not to.

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